

VZCZCXRO1752  
OO RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV  
DE RUEHTH #1504 3051551  
ZNR UUUUU ZZH  
O 311551Z OCT 08 ZDS  
FM AMEMBASSY ATHENS  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2704  
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY  
RHMFIUU/DEPT OF ENERGY WASHINGTON DC PRIORITY  
RHMFIUU/HQ EPA WASHINGTON DC PRIORITY

UNCLAS ATHENS 001504

C O R R E C T E D C O P Y - CAPTION ADDED

SENSITIVE  
SIPDIS

DEPT FOR EUR/ERA FOR BEH/NELSON, EUR/PGI FOR TESSLER,  
OES/PCI FOR FITE/HUDAK, OES/EGC FOR FENDLEY, OPIC FOR  
PEARCE/HANSLEY

E.O. 12958: N/A

TAGS: [EINV](#) [ENRG](#) [KGHG](#) [SENV](#) [TRGY](#) [GR](#) [IS](#)

SUBJECT: RENEWABLES MARKET IN GREECE - OPIC-SUPPORTED  
INVESTMENT FUNDS

REF: A. SECSTATE 103210

[B.](#) ATHENS 001411

[C.](#) ATHENS 001457

[D.](#) ATHENS 001481

[1.](#) (SBU) Post believes that at this time Greece is not yet ready for investment in the renewables sector given bureaucratic hurdles and a substantial backlog of projects. (See reftel d for details on the renewables sector in Greece.) Despite strong growth potential and a high priority given to stimulating market conditions, Post believes that the Government of Greece (GoG) still faces considerable challenges to building capacity and facilitating investment in the sector. At present, although Greece is a member of the European Union, it continues to be ranked low in the areas of investment climate and ease of doing business in renewables.

[2.](#) (SBU) Greece's energy markets continue to be dominated by a few players, particularly in the wind renewables sector. Although Greece is attempting to deregulate its energy markets, these efforts have not yet yielded results. In the area of solar energy, the GoG is trying to revamp its legislative structure to attract investment. The GoG offers either a capital or a feed-in subsidy to prospective investors; however, the financial incentives must be restructured so that the GoG can afford this ongoing financial obligation in the long-term. (reftel d)

[3.](#) (SBU) At the present time, the GoG has over-extended its financial obligations and is attempting to scale down the price to which it has committed a fixed forward rate for the purchase of electricity. In addition, the GoG does not have the capacity to review and administer increasing levels of investment in renewables. There exists a substantial backlog of applications and the request for proposals was oversubscribed by five times in the last year. As a result, Post does not believe that such an investment fund would be able to realize gains over the short-term; however, if Greece is able to straighten out its legislative framework in order to ease bureaucratic hurdles, it could face success in the long-term.  
SPECKHARD